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18 December 1961

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CENTRAL INTELLIGENCE BULLETIN



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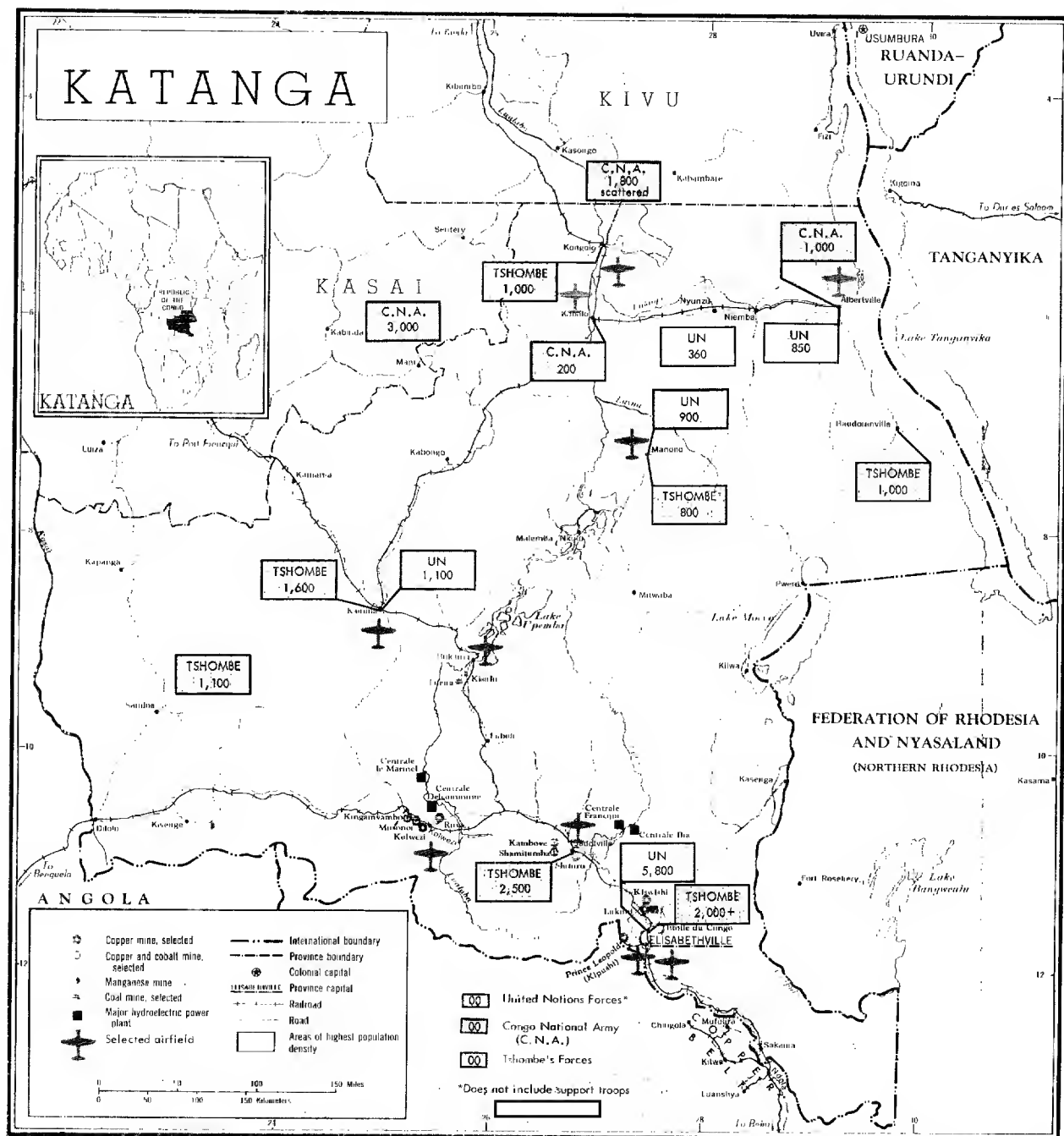
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*Congo: (situation as of 0200 EST) The UN appears to have secured control of most key strongpoints in and around Elisabethville. Reports indicate that most of the Katangan forces there have been fragmented into uncoordinated groups and that they are discouraged and apathetic. UN troops are under instructions to bypass any major resistance where feasible, leaving such pockets for a mop-up planned as the final phase of the operation. The UN apparently has no intention of moving at this time against the Katangan strongholds at Kolwezi and Jadotville or against Tshombé's mercenaries directly. However, Sture Linner, the top UN official in the Congo, stated on 16 December that the ouster of the mercenaries would have to be part of any agreement with Tshombé or the UN would have to "seek them out."

Prospects for meaningful negotiations between Tshombé and Adoula are still uncertain. Both men apparently have agreed to meet at Kitona, a UN-controlled air base in the

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coastal area of the Congo, and arrangements reportedly have been completed for Ambassador Gullion to escort Tshombé to the site today. However, as of early this morning Tshombé was apparently still angling for prior formal assurances that a cease-fire would go into effect before or upon his departure for the talks. The UN has agreed privately to a de facto cease-fire when Tshombé leaves but maintains publicly that its military operation is unrelated to the proposed negotiations and can be ended only when all proclaimed objectives have been achieved. Ambassador Gullion believes any public suggestion that Tshombé has succeeded in obtaining a cease-fire would make it impossible for Adoula, who is under pressure from extremists in his cabinet opposed to any dealings with Tshombé, to come to the Kitona meeting. There is still no firm evidence that Tshombé now is ready seriously to discuss the integration of Katanga into the Congo; in announcing his readiness to meet Adoula, Tshombé defined the purpose of the talks as discussion of "an immediate cessation of hostilities." His agreement to participate may thus be essentially a tactical move to buy time and avert further losses to the UN forces.

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(Map)

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Western Europe: Austria's application for association with the Common Market (EEC) was filed on 15 December --along with those of Switzerland and Sweden--despite a moderately worded note from the USSR on 12 December reiterating its opposition to Austrian ties with the EEC. Foreign Minister Kreisky said as recently as 7 December that he was sure Soviet countermeasures in some form would follow an Austrian application.

Although there is some sympathy among the Common Market countries for accommodating the neutrals, influential elements oppose granting them even association.

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British Guiana: In line with his frequent public statements that he will seek economic aid from any country, Premier Cheddi Jagan has begun preparations to obtain economic assistance from the Soviet bloc,

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He wants a Soviet or Rumanian oil expert and is sending an official to investigate industrial aid possibilities in Czechoslovakia and Hungary.

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Three European Neutrals Seek Common Market Association

The new Soviet aide-memoire was delivered the same day the Austrian cabinet decided to approach the EEC. It reiterates Moscow's thesis that the Common Market is an economic arm of NATO and that Austria's participation would be contrary to its neutrality and to the provisions of the State Treaty. The note, [redacted]

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[redacted] urged Vienna to weigh carefully the Soviet arguments in entering into negotiations with the EEC. During his 7 December conversation with Ambassador Matthews, Foreign Minister Kreisky said that he did not know what type of Soviet pressures to expect, but he speculated that Czechoslovakia "might be deputized to carry the Soviet ball."

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The decision of the three neutrals to seek direct EEC association results from their failure, after several years of effort, to find alternate ways of protecting their economic ties with the West. All three were ardent supporters of the abortive Free Trade Area project and subsequently joined with Britain in the Outer Seven, primarily to exert pressure on the EEC to agree to an all-European trading arrangement. However, when the UK itself decided last July to apply for full EEC membership, the three neutrals had no choice but to attempt to work out their own bilateral arrangements with the Common Market.)

During the last few months the neutrals have attempted to concert their views on the exceptions they feel they require to preserve their neutrality. They have been particularly concerned over the indefinite duration of the EEC treaty, its provisions for a common commercial policy, and other measures looking toward full economic union. They will probably seek exemptions in these matters and have already spurned any commitment to eventual political integration. Austria believes it can accept no closer ties with the Common Market than those negotiated by Bern.)

Despite sympathy in the EEC for the alleged economic plight facing the neutrals, opposition to their association appears to have increased. It is feared that granting them the Common

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Market's tariff advantages would leave the EEC little excuse for denying them to other claimants, such as the Commonwealth. Proponents, like Belgian Foreign Minister Spaak, of a European federal union are also concerned that the neutrals will slow the political evolution of the EEC by joining forces with the "minimalists" among the present member states. Finally, there is concern that the neutrals might be an additional obstacle to the development of a close European-US partnership in NATO or in an eventual Atlantic community.

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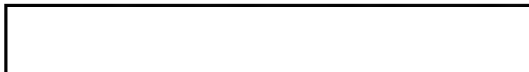
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British Guiana Developments

Jagan is determined to establish industry to raise living standards and combat unemployment (18 percent) in British Guiana, which is dependent on sugar, rice, and bauxite production. There are indications that Jagan is planning an early visit to the "socialist countries" and will ask for bloc aid. On 13 December Pravda said Jagan had stated at the Tanganyika independence ceremonies that he hoped to go to Moscow in the "nearest future," and a recent East German television program alleged he would visit East Germany also.

Mrs. Janet Jagan is expected to attend the 20 December meeting in Stockholm of the World Peace Council. She and her husband are estranged, and she does not intend to return to British Guiana. Both the organization of Jagan's People's Progressive party (PPP) and the British Guiana Government could suffer temporarily from her absence, as her administrative talents have long been considered one of the major factors in the PPP's effectiveness.

If Jagan succeeds in obtaining independence before new elections are held, the position of the opposition parties will be increasingly difficult. The PPP has taken measures since the August elections to reinforce its dominant position, while the two main opposition parties have been unable to attack the



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government effectively. The PPP has had some success in building up a rival sugar-workers' union to oppose the Man-power Citizens Association, whose leadership is strongly anti-Jagan, and has set up a "friendship camp" for political indoctrination of young members. Jagan himself heads the government information services, and his closest adviser admitted to the US public affairs officer recently that the PPP's weekly paper Thunder--which generally follows a standard Communist line--is designed to "lead the masses toward socialism."

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